

Frequently Asked Questions Regarding The FORMULA FUNDING ADVANCE PROGRAM UNDER \$25,000

1. How Do I Comment on the AERP Program Content, Organization, or Website?
To make general suggestions about the AERP program and or ask questions please contact Bureau Director Ray Frieden at ray.frieden@ocd.state.ma.us
2. What is the Difference Between the Emergency Committee and an Emergency Waiver?
The Emergency Committee is a DHCD unit that can authorize a Formula Funding advance when an LHA's available resources are inadequate. An Emergency Waiver is waiver from the M.G.L. advertisement requirement for work that needs to be completed immediately because is it a threat to the health and safety of persons or property. Emergency waivers can only be granted by DCAM.
3. If an LHA Requires the Services of a Design Consultant is that fee Covered by Formula Funding?
The Designer Fee should be included in the original funding request when completing the budget form. If the Designer Fee exceeds \$10,000 contact your Project Manager.
4. Can I Buy the Materials and Bid the Labor?
Yes, but there are Rules for the Procurement of Materials.
5. Do I Need Prevailing Wage Rates?
Yes. There is no dollar threshold for the Prevailing Wage Requirement., and they must be included in the Procurement Package
6. Where & How do I Obtain Prevailing Wage Rates?
Division of Occupational Safety provides Prevailing Wage Rates. They are available on-line.
7. Do I Need Sealed Bids?
No.
8. Do I Have To Advertise in the Sunday Boston Globe or Herald?
No. You must advertise in the Central Register if work is between \$10,000 and \$25,000. If work is under \$10,000 written quotes are solicited, for work under \$5,000 Exercise Sound Business Judgment.
9. Can Quotes be Faxed?
Yes. However, this is not recommended.

10. Can I Obtain Quotes from a Board Member, or its Immediate Family?
No. See DHCD regulations (760 CMR 4.04).
11. Do I Need a Bid Deposit?
No.
12. Do I Have to Check References?
Yes. It is recommended that the LHA obtain references from the low bidder.
13. Do I Need an Executed Contract?
DHCD recommends an executed contract if work is more than \$2,000.
14. What is a Payment Bond and What is its Purpose?
A payment bond, serves as a guaranteed payment to subcontractors, laborers/employees, & suppliers through the surety company in the event the General Contractor defaults on its payment agreement. Payment Bonds are statutorily required by MGL c.149 §29; Applies to all construction contracts w/\$\$ value of \$2,000 or more bid under MGL c.149; MGL c.30B; MGL c.30 §39M.
15. May a Contractor Substitute a Check, Cash or a Letter of Credit in lieu of a Payment Bond?
No. This is a statutory requirement required by MGL c.149 §29.
16. How Do I Know if a Bonding Company is Licensed to do Business In Massachusetts?
Go to the Massachusetts Division of Insurance website at <http://www.mass.gov/Eoca/docs/doi/Companies/FidelityAndSurety.xls>
17. Can I Pay the Contractor all or ½ of the Money Up Front?
No. LHA cannot make payments prior to work being completed.
18. Do I have a Change Order Limit?
If Work Exceeds the Amount of your Formula Funding Allocation Contact your Project Manager. If you are performing a site contract bid under MGL c.30B regardless of funding source you are limited to a 25% change order cap.
19. What Forms Do I Use to Process Payments?
An invoice from the Contractor is sufficient if using operating reserves. If using emergency funding attach Contractors invoice to the Certification of Compliance and submit to your Project Manager for processing.
20. Can I Withhold Money from the Contractor?
You may only withhold money in accordance with MGL c.30 §39K.